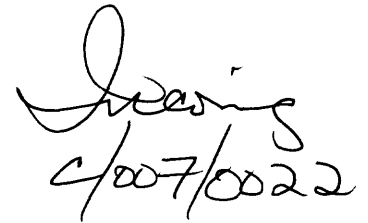


SAVAGESavage Services Corporation
2025 East 5000 South
Price, UT 84501(435) 637-5664
Fax (435) 637-3418

Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801


4/007/0022

Re: Proposed Expansion of Disturbed Area
Savage Coal Terminal
C\007\022
Carbon County, Utah

Dear Pam:

Enclosed are 3 copies of a proposed amendment to the Savage Coal Terminal M.R.P. for expansion of the disturbed area and construction of coal fine settling ponds.

The area proposed for disturbance is located directly north of the office building, in an area designated as undisturbed. The proposed disturbance would be approximately 6.61 acres, as shown on Plate 3-2. This will allow adequate room to construct and maintain a settling pond system that will be required for the restart of the preparation plant at the site.

The following is a description of the project and affected permit issues:

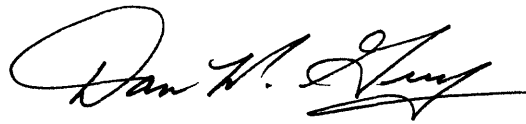
- 1) The new disturbed area will consist of 6.61 acres located north of the office building. The soils in this area have been previously mapped as shown on Plate 8-1. There are 2 soils types in the area proposed for disturbance - Billings (B1B) and Chipeta (ChC). Stripping of topsoil will occur on the B1B Unit (4.80 acres) and the ChC Unit (1.81 acres). Soil will be stripped to a depth of 7" on the B1B Unit and 6" on the ChC Unit as per Table 8-8, "Depths of Suitable Topsoil Available For Seedbed Material", for a total of approximately 5977 cy.;

RECEIVED
MAY 16 2006

- 2) Removed topsoil will be placed on the existing topsoil stockpile. Care will be taken to redisturb as little of the existing pile as possible. The new stockpiled material will be roughened and reseeded with the Temporary Seed Mix on Table 3-1. Seeding will occur after September 1.
- 3) This proposal will require changes in some hydrologic structures at the site. The main change will be in the relocation of the Undisturbed Diversion (UD-1), as shown on Plate 3-2. The diversion will be constructed to the same specifications as the existing UD-1; however, it will be located further west and north, and will carry runoff from a much smaller area. All other hydrologic structures potentially affected by this project (i.e. ditches, ponds) have been re-evaluated and are shown to be adequate by the calculations provided in the revised portions of Chapter 7;
- 4) The Operations Section of the M.R.P. will change only slightly as a result of the restart of the preparation plant. The main change is that the washing cycle will no longer use a static thickener, but will now pump the minus 28 mesh material to the new settling ponds. The ponds will be cleaned as needed, and the material will be treated as a coal product and blended with coal shipments. All water will still be recirculated with no discharge from the plant, except in the case of emergency;
- 5) The project has also been evaluated for a potential increase in reclamation costs. The additional costs will be for filling in the settling ponds, topsoil replacement and revegetation. Based on the Division bonding calculations in Appendix 3-5, backfilling and grading costs, including topsoil placement and ripping, would be \$2,192.95/acre or \$14,495.40 for 6.61 acres. Revegetation costs would be \$3,941.29/acre or \$26,051.93 for 6.61 acres. The total expected increase in bonding costs for this project is therefore \$40,547.33. This is approximately 1.66% of the bond presently posted for this site, and added to the projected reclamation cost in Appendix 3-5, is still \$246,198 less than the \$2,441,745.00 bond posted.

We hope this project will meet with your approval. If you have any questions, or need additional information, please contact Dan Guy at (435)637-2422.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan W. Guy". The signature is fluid and cursive, with a large initial "D" and a stylized "G".

Dan W. Guy

for

Boyd Rhodes, Manager

cc: Pete Hess - DOGM
Boyd Rhodes - Savage
File

APPLICATION FOR PERMIT PROCESSING

Permit Change ☒New Permit ☐Renewal ☐Transfer ☐Exploration ☐Bond Release ☐

Permit Number: C/007/022

Title of Proposal:

Mine: Savage Coal Terminal

Proposed Expansion of Disturbed Area

Permittee: Savage Services Corp.

Description, include reason for application and timing required to implement:

For New Settling Ponds.

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 1. Change in the size of the Permit Area? _____ acres Disturbed Area? <u>6.61</u> acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO # |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. Does application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice/publication? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? Explain: |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 15. Does application require or include soil removal, storage or placement? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps, or calculations? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided for? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

X Attach 3 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Signed - Name - Position - Date

Subscribed and sworn to before me this 15 day of MAY, 2006

My Commission Expires:
Attest: STATE OF
COUNTY OF

Notary Public



DAN R. JOHNSON
NOTARY PUBLIC - STATE of UTAH
23 S. CARBON AVE
PRICE, UTAH 84501
COMM. EXPIRES 8-30-2008

Received by Oil, Gas & Mining

RECEIVED

MAY 16 2006

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?